

AMENDMENT THREE

TO THE

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA

REPRESENTED BY

THE DEFENSE ENERGY SUPPORT CENTER

AND

THE MINISTRY OF DEFENCE OF THE UNITED KINGDOM OF

GREAT BRITAIN AND NORTHERN IRELAND

REPRESENTED BY

THE DEFENCE FUELS GROUP

CONCERNING

THE USE OF THE UNITED KINGDOM

GOVERNMENT PIPELINE AND STORAGE SYSTEM

IN SUPPORT OF U.S. FORCES WITHIN THE UNITED KINGDOM

The following is Amendment Three to the "Memorandum of Understanding Between the Department of Defense of the United States of America Represented by the Defense Energy Support Center and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland Represented by the Defence Fuels Group Concerning the Use of the United Kingdom Government Pipeline and Storage System in the Support of U.S. Forces Within the United Kingdom," dated March 18, 2004, as amended on April 25, 2005 and May 9, 2006 (GPSS MOU).

The following changes are made to the GPSS MOU.

1. Amend INTRODUCTION as follows.

Delete Paragraph 4 and replace with the following.

"Recognizing the Memorandum of Understanding between the Department of Defense of the United States of America and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland Concerning Acquisition and Cross-Servicing Arrangements (USA-GBR-02), dated January 8, 2007;"

2. Amend SECTION IV. OPERATIONAL AND FINANCIAL ASPECTS as follows:

a. Delete Paragraph 4.4.1.1. and replace with the following:

"4.4.1.1. F34/F35. Within this MOU, DESC's maximum storage requirement, which will be reviewed annually at the Third (3rd) Quarterly Meeting, will not be more than 195,200 cubic metres (m³). DESC undertakes to ensure that the stock will not fall below 75,000 m³ without prior notification to and acknowledgement from DFG. This stock will be managed in accordance with Annex D."

b. Delete Paragraph 4.4.1.2. and replace with the following:

"4.4.1.2. JPTS. The JPTS storage requirements are specified in Annex F."

3. Amend SECTION V. GENERAL PROVISIONS as follows:

a. Delete Paragraph 5.7. and replace with the following:

"5.7. Amendment. Amendments to this MOU may be proposed by either Participant and will, upon acceptance by the Participants by means of a jointly signed amendment, become a permanent part of this MOU. The Participants may exchange letters regarding minor technical and administrative changes without formal amendment to the MOU. These changes include providing updated point-of-contact listings when necessary."

b. Delete Paragraph 5.9. and replace with the following.

“5.9. Customs and Taxation. The Participants shall not be charged or assessed for any taxes or duties under this MOU in accordance with: Article XI, paragraph 11 of the Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of Forces, done in London June 19, 1951; the Memorandum of Understanding Between the Department of Defense of the United States of America and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland Concerning Acquisition and Cross-Servicing Arrangements (USA-GBR-02), dated January 8, 2007; and any other applicable law or agreement.”

4. Amend ANNEX A as follows:

Delete Paragraph A.10. in its entirety.

5. Amend ANNEX B as follows:

Delete Paragraph B.1. and replace with the following:

“B.1. Annual Meeting. The Participants will meet annually in April to review this MOU and to reconcile the previous year’s account, subject to audit, with final settlement to occur by the 30th day of September. This meeting serves as the final meeting in regard to activities under this MOU for the preceding year. Changes that have been previously determined during the year shall be incorporated into this MOU by way of one annual written amendment and signed by the Participants. Both Participants will provide a list of their National Holidays at the Annual Meeting.”

6. Amend ANNEX F as follows:

Delete Paragraph F.3. and replace with the following:

“F.3. Annual JPTS Budget. At the Third Quarterly Meeting, DFG will provide DESC with a proposed annual JPTS budget for the forthcoming UK financial year. The Participants will review and finalize this budget at the Annual Meeting. The budget will include a detailed synopsis that outlines the operational necessity for all DFG proposed facility projects. The synopsis will include the scope of work, estimated project cost, proposed start date, and impact if not funded.”

7. Amend ANNEX G as follows:

a. In Paragraph G.1.1., delete “£3,197,705” and replace with “£3,321,776”.

b. In Paragraph G.1.2.1., delete “£4,320,399” and replace with “£4,488,030”.

c. In Paragraph G.1.2.2., delete “£7.90” and “£1.08” and replace with “£8.21” and “£1.12” respectively.

d. Add Paragraph G.1.2.4.

“G.1.2.4. DESC will not be assessed storage or transportation charges related to the introduction of fuel into the GPSS for the purposes of repayments under the Memorandum of Understanding Between the Department of Defense of the United States of America as Represented by the Defense Energy Support Center and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland as Represented by the Defence Fuels Group Concerning the Reciprocal Provision and Replacement or Reimbursement of Aviation Fuel at Military Installations Worldwide, which entered into effect August 8, 2007.”

e. Add Paragraph G.1.2.5.

“G.1.2.5. DESC will not be charged for failing to maintain agreed upon minimum stock level if that level is breached due to a request for an FEA transfer to DFG by DESC. DESC will not be charged if DESC’s annual maximum storage requirement is exceeded due to an FEA bulk transfer.”

f. Delete Paragraph G.1.3. and replace with the following:

“G.1.3. Additive Charges. The DFG will charge the DESC for fuel additives used as a Special Requirement. Invoices for additives are to be paid to the DFG bank account vice the GPSS bank account. DFG will bill DESC quarterly for additives used.”

g. Add Paragraph G.1.3.1.

“G.1.3.1. DESC will receive an invoice (authorized by DFG on form “DAB1”) for settlement of quarterly additive charges. Bank account information will be detailed on the invoice.”

h. Delete Paragraph G.2.1. and replace with the following:

“G.2.1. Charge Period. The charges above for G.1.1., G.1.2.1., and G.1.2.2. are for the UK financial year beginning April 1, 2007 through March 31, 2008.”

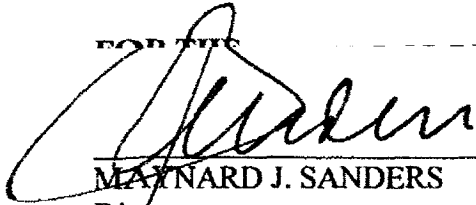
8. Amend Annex I as follows:

Delete Paragraph I.1.1. and replace with the following:

“I.1.1. Weekly Book Stock Report. A weekly book stock report will be provided by DFG to DESC by fax every Friday before 1000 hours, or the following Monday if Friday is a UK Holiday. If fax is unavailable, stock may be reported by telephone. The stock report will cover the period from Friday 0001 hours to Thursday 2400 hours. In the event of product movement not being completed by Thursday 2400 hours, the entire transfer must be accounted for in the next weekly report, which will include the opening stock balance, credits, debits, and closing stock balance.”

In witness thereof, the undersigned, being duly authorized by their Governments, have signed this Amendment.

FOR THE



MAYNARD J. SANDERS

Director

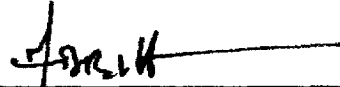
Defense Energy Support Center

DATE SIGNED

PLACE OF SIGNATURE

22 January 08
H. Balvoir
Va 22060

FOR THE



I W ABBOTT, Brigadier

Director

Defence Fuels Group

DATE SIGNED

PLACE OF SIGNATURE

12 February 2008
West Mours, UK